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August 21, 1996

William F. Caton, Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Dear Secretary:

re: Comments in GN Docket No. 96-113: In the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses

Enclosed please find one original and nine copies of the Initial Comments of Bernice K. McIntyre in the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses in GN Docket No. 96-113.

If you should have any questions regarding the enclosures or other issues with respect to the filing please feel free to contact me at the Washington DC address above.

Very truly yours,


Bernice K. McIntyre
President

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In the Matter of)
Section 257 Proceeding to)
Identify and Eliminate)
Market Entry Barriers)
for Small Businesses)

GN Docket No. 96-113

Federal Communications Commission
Office of Secretary

COMMENTS OF
BERNICE K. MCINTYRE
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I am an African American female owner of a small business providing management consulting and other services in the communications marketplace. The company was founded in November 1995.

In response to the Notice of Inquiry in this docket, I offer my observations as a new entrepreneur but also as a former regulator on the barriers that exist for women owned and minority owned businesses in the evolving and expanding communications market.

The major barriers that I have experienced in entry to the communications market are:

- Access to capital
- Access to information
- Lack of historical participation in the market
- Lack of distinction in regulatory incentive programs between small start up companies and more established "small" companies.

I will briefly review each of these barriers and my suggestions for approaches that the FCC might take to eliminate or mitigate the hindrance they cause to minority or female owned small companies.

First, access to capital is one of the most fundamental barriers that all new businesses encounter, however, particularly for minority owned or female owned small companies this barrier can be insurmountable. For example, in starting my own company I had many factors supporting me: knowledge of the consulting business based on several years of work in a major consulting firm; knowledge of the communications and utilities industry based on almost a decade of experience as a state public utility regulator and over twenty years of senior management experience. Yet, I do not have sufficient capital available to become an active provider of other communications services or to participate in spectrum auctions. To prove whether this fact is related to my sex or my ethnicity is difficult. I can offer anecdotal evidence that could easily be changed into less subjective evidence by means of a cooperative study between NARUC and the FCC. I am one of a handful of former state Public Utility Commission regulators that are African American, and one of less than a handful of African American women who were Chairpersons of their Commissions who remain actively involved in communications matters. Most of the members of this elite group have not been offered positions within major consulting, legal offices or corporations in either the communications or other fields. Most of them have not been able to maintain the level of business, whether consulting or legal clients, necessary to hold down or maintain partnerships in majority firms. Most of this elite group of knowledgeable individuals has not been able to continue in the communications field. A comparison of this group with their majority colleagues on the commissions may offer further evidence of the subtle barriers that exist to creating the level of wealth and expertise that is necessary to fully participate in the communications industry.

However, regardless of whether the FCC can prove that remedial action is necessary to redress past and continuing discrimination against women and minority businesses, it is critical that the FCC use effectively the Telecommunications Development Fund ("TDF") as a means for new start up companies to gain the necessary capital to enter these markets. There should be a specific portion of these funds that are set aside for promising new businesses with revenues under \$250,000. I urge the Chairman of the FCC to appoint Directors to this board who understand the potential for the TDF to create a whole new generation of successful businesses in the communications' market using new entrepreneurs and ensuring that female and minority owned businesses get access to capital and know how to make that potentiality a reality. These appointments should be made expeditiously so that funds become available in a timely manner.

Second, as an entrepreneur I have found it difficult to get access to the type of information that would be most helpful. The FCC itself is a barrier to obtaining some of this information. Although this administration has indicated a strong belief in supporting opportunities for small businesses it has not backed that sentiment up with appropriate action. For instance, the costs of obtaining orders from the International Transcription Services are prohibitively high. Access to documents over the internet is to be commended but why must a small business invest in an IBM product or specific Microsoft software to get that information downloaded. The FCC should be technologically neutral and provide easy access to information at a cost that is reasonable for an individual member of the public as well as a small business that may not have either the time or money to invest in costly searches or expensive software.

Also the Office of Communications Business Opportunities which does a great job in outreach given its limited resources, needs to have sufficient budget and resources to supplement its outreach. Most of the information it presently disseminates is about the spectrum auctions. There are other opportunities for small business participation in the

communications marketplace where information is not easily obtained. The OCBO needs additional resources to address how the implementation of the Telecommunications Act of 1996 can create openings for new small business ventures.

The third barrier to entry for minority or female women and controlled businesses is our lack of historical presence in the industry. For African Americans in particular it has been less than thirty years since the implementation of the Civil Rights Act of 1964. It has been only in the last decade that we have begun to see African American senior executives in significant numbers in the executive suites of companies like AT&T, Bell Atlantic and MCI. Women have not fared any better, it has been only in the last few decades that women have moved from the telephone operators seat to the executive office suite. Needless to say there are very few women CEOs of major communications companies and there are very few African American CEOs of such firms. I do not believe there is any African American female CEO of any major communications company. Does this have an impact on small business participation in the communications market? Certainly. It means that we suffer as a group from inadequate training. This does not mean that All African Americans or women need training. It simply means that most of us have not had the benefit of playing on the best golf courses and networking with the right people and landing the best deals. Most of us are still taking golf lessons while majority colleagues or competitors have been playing on the right courses their entire careers. We have not been absent from the first tee in the past by our own choice, since African Americans and women were historically excluded from certain positions in the communications industry. A lexis search should bring out numerous supporting cases, inasmuch as, prior to divestiture, several class actions suits were filed against the management at AT&T by both African Americans and women asserting employment discrimination practices. I believe some of these suits were settled and policies were implemented at AT&T and their spin-offs to redress these concerns. However, these past actions have ramifications today for small businesses particularly African American and female owned enterprises. Since we were excluded from these executive circles, or foursomes, there were fewer of us in 1984 to start the new

companies that are now benefiting from the introduction of competition. Although there are now more female or minority individuals with the know how and experience to start new ventures in 1996 to benefit from the Telecommunications Act of 1996, we still are outnumbered, underrepresented and discounted in the marketplace.

The FCC should clearly make every effort to gather the data to support the need for remedial measures. However, regardless of whether the FCC can prove that remedial action is necessary to redress past and continuing discrimination against women and minority businesses, it is critical that the FCC enable new start up communications companies to succeed in this new market in order to ensure that competition will thrive. The FCC can enable in many ways. It can encourage existing providers to partner with new start up firms. It can give incentives for such partnerships or for providing "mentoring" opportunities. Existing communications firms can provide training programs or business openings targeted to women and to minority entrepreneurs to help these entities develop the necessary skills for successful business in communications. Greater participation, partnerships, team formats, and "best ball" competition will provide for a more competitive, healthier and all encompassing industry in the future. It is also in the public interest.

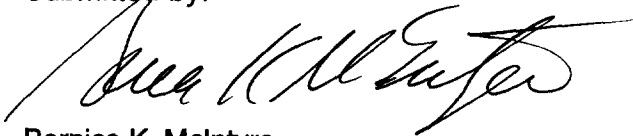
Which brings me to my last comment. Another serious barrier to success for African American and women owned businesses is the failure to differentiate clearly between small start up firms, that may need more targeted and focused programs, and more established small businesses, whether minority or female owned or not. This failure to differentiate can result in firms receiving benefits that they really don't need while smaller firms struggle or simply miss an opportunity to enter a market. This failure to differentiate may be based in part on a failure to look carefully at questions related to economic viability in certain marketplaces. It is not good public policy to encourage the participation of really small businesses in markets where their long term survival is nearly impossible.

Comments of Bernice K. McIntyre
GN Docket No. 96-113

Incentives for participation of minority and women owned businesses should be maintained and increased but carefully targeted. An attentive study of the results of the previously held spectrum auctions should be done to determine how these incentives can be better targeted. "Ringers" may provide short term benefit but are not within the spirit of true competition.

The FCC has a critical role to play in determining whether the providers of communications services will include healthy minority and/or women owned companies. I hope my comments in this docket will provide useful information in support of a greater chance for women and minority owned small businesses to provide a more representational proportion of communications services in the future.

Submitted by:

A handwritten signature in black ink, appearing to read "Bernice K. McIntyre", written over a horizontal line.

Bernice K. McIntyre

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